

## INVESTMENT POLICY OF THE FUND

The aim of the fund is to achieve a substantial yield for investors by taking high risks and making active use of derivative positions. The Fund applies special investment strategies used by hedge funds to establish its strategy. The fund is willing to buy or sell all available investment instruments - domestic and foreign bonds (treasury bonds, discounted treasury bills, bonds issued by the National Bank of Hungary, as well as low-risk bank and corporate bonds expected to bring higher yields than the state securities) Equities and other securities, indices and currencies - provided it sees the opportunity to make substantial gains – up to the maximum limit allowed by the law, which allows double leverage for the Fund. In its investment decisionmaking mechanism, the Fund considers fundamental pricing, technical and behavioral psychological factors To ensure liquidity the Fund aims to hold government securities issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary.

## MARKET SUMMARY

In December, US inflation fell further to 7.1% from the expected 7.3%. This was seen as a positive by investors, as the pressure on the US Federal Reserve to raise interest rates in this cycle has been reduced. Although in December the Fed raised its benchmark rate by another 50 basis points to 4.5%, the weaker inflation data means there is a chance that they will stop raising rates sooner than previously thought. As a result, the dollar weakened to a 6-month low against the euro.

In China there has been a radical turnaround in the handling of the Covid epidemic. The previous zero-tolerance has been reversed, Covid restrictions have been relaxed, PCR tests are no longer required to use public transport in many cities and in many places citizens who test positive can recover at home. The Chinese premier said that the policy of economic opening now underway would be maintained, with further steps to come. China's top health official said the current outbreak of the omicron was no more serious than the flu and the relaxations were justified. Macro data in the coming months will show how badly the Chinese economy has been damaged by the Covid outbreak.

Inflation in Hungary remains extremely high. According to official data from the Hungarian Central Statistical Office, inflation was 22.50% in December, a multi-decade high and the highest in Europe. During the month, the MNB did not change the base rate and the forint was stable against the euro. It seems that Hungarian interest rates are now high enough to prevent the forint from weakening further. On the last day of the year, one euro was worth 400 forints.

The Fund achieved a negative return in December. During the month, the 5% Nasdaq position was closed when the index fell back to buy our level, and the 30% EURHUF position was closed when the forint strengthened to 400 against the euro. Although we remain positive on the forint, in the short term, turbulence in the equity markets could have a negative impact on it. If the euro weakens back to around the 420 level, we will buy forint again. The Hungarian bond position is unchanged in the fund, the book yield was around 10% at the end of the month. We continue to hold small cap Hungarian equities, our view is that Hungarian and regional equities are extremely undervalued relative to other markets.

## GENERAL INFORMATION

|                                    |                                 |
|------------------------------------|---------------------------------|
| Fund Manager:                      | AEGON Hungary Fund Manager Ltd. |
| Custodian:                         | Unicredit Bank Hungary Zrt.     |
| Main distributor:                  | AEGON Hungary Fund Manager Ltd. |
| Benchmark composition:             | Hurdle rate, annual 0.9%        |
| ISIN code:                         | HU0000715990                    |
| Start:                             | 03/17/2016                      |
| Currency:                          | USD                             |
| Net Asset Value of the whole Fund: | 30,880,959,564 HUF              |
| Net Asset Value of U series:       | 3,118,664 USD                   |
| Net Asset Value per unit:          | 1.053555 USD                    |

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Conseq Investment Management, a.s., Equilor Befektetési Zrt, Erste Befektetési Zrt., ERSTE Group Bank AG Austria, OTP Bank Nyrt., Raiffeisen Bank Zrt., Takarékbank Zrt, Unicredit Bank Hungary Zrt.

## SUGGESTED MINIMUM INVESTMENT PERIOD

|        |        |      |      |      |      |      |
|--------|--------|------|------|------|------|------|
| 3 mths | 6 mths | 1 yr | 2 yr | 3 yr | 4 yr | 5 yr |
|--------|--------|------|------|------|------|------|

## ASSET ALLOCATION OF THE FUND

| Asset                                     | Weight          |
|---|-----------------|
| Government bonds                          | 68.07 %         |
| Corporate bonds                           | 11.09 %         |
| Hungarian equities                        | 10.19 %         |
| Collective securities                     | 9.56 %          |
| International equities                    | 0.16 %          |
| Current account                           | 4.57 %          |
| Liabilities                               | -1.43 %         |
| Receivables                               | 0.20 %          |
| Market value of open derivative positions | -2.41 %         |
| <b>Total</b>                              | <b>100,00 %</b> |
| Derivative products                       | 43.02 %         |
| Net corrected leverage                    | 102.27 %        |

### Assets with over 10% weight

2031A (Államadósság Kezelő Központ Zrt.)

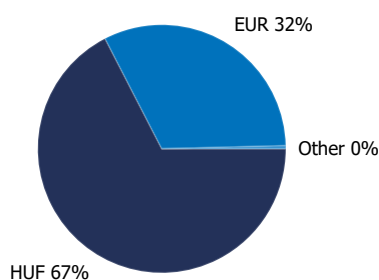
## RISK PROFILE

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

← Lower risk Higher risk →

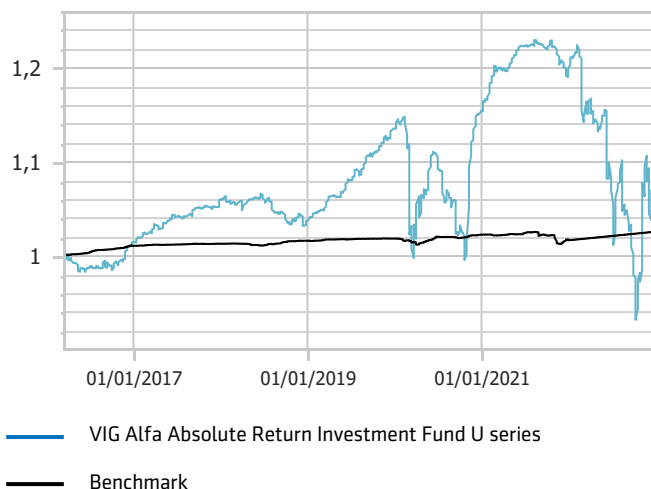
| NET YIELD PERFORMANCE OF THE SERIES |               |                 |
|-------------------------------------|---------------|-----------------|
| Interval                            | Yield of note | Benchmark yield |
| From start                          | 0.77 %        | 0.38 %          |
| 2022                                | -11.40 %      | 0.90 %          |
| 2021                                | 2.99 %        | -0.60 %         |
| 2020                                | 1.65 %        | 0.41 %          |
| 2019                                | 9.74 %        | 0.23 %          |
| 2018                                | -1.66 %       | 0.31 %          |
| 2017                                | 3.93 %        | 0.20 %          |

**Currency exposure:**



**NET PERFORMANCE OF THE SERIES**

net asset value per share, 03/17/2016 - 12/31/2022



**RISK INDICATORS FOR THE LAST 12 MONTHS**

|  |            |
|--|------------|
| Annualized standard deviation of the fund's weekly yields      | 16.05 %    |
| Annualized standard deviation of the benchmark's weekly yields | 0.11 %     |
| WAM (Weighted Average Maturity)                                | 5.87 years |
| WAL (Weighted Average Life)                                    | 7.14 years |

**TOP 10 POSITIONS**

| Asset                                 | Type             | Counterparty / issuer            | Maturity   |
|---------------------------------------|------------------|----------------------------------|------------|
| Magyar Államkötvény 2031/A            | interest-bearing | Államadósság Kezelő Központ Zrt. | 10/22/2031 |
| Zöld Magyar Államkötvény 2051/G       | interest-bearing | Államadósság Kezelő Központ Zrt. | 04/28/2051 |
| EUR/HUF 23.05.30 Forward Sell         | derivatív        | ING Bank Hun                     | 05/30/2023 |
| EUR/HUF 23.05.25 Forward Buy          | derivatív        | ING Bank Hun                     | 05/25/2023 |
| Adventum MAGIS Zártkörű Alapok Alapja | investment note  | Adventum MAGIS Zártkörű Alapok   |            |
| Magyar Államkötvény 2026/D            | interest-bearing | Államadósság Kezelő Központ Zrt. | 12/22/2026 |
| 2026F                                 | interest-bearing | Államadósság Kezelő Központ Zrt. | 08/26/2026 |
| Magyar Államkötvény 2032/A            | interest-bearing | Államadósság Kezelő Központ Zrt. | 11/24/2032 |
| Magyar Államkötvény 2030/A            | interest-bearing | Államadósság Kezelő Központ Zrt. | 08/21/2030 |
| Graphisoft Park SE                    | share            | Graphisoft N. V.                 |            |

**Legal declaration**

The recent document qualifies as Portfolio Report according to the Kbtv. requirements. It contains the following elements based on the last net asset value of the reporting month: presentation of the assets of the fund regarding asset type of portfolio investment and regarding other categories detailed in its investment policy; list of assets (issuers) representing more than 10% of the portfolio; net asset value of the fund, including the cumulated and the calculated value per unit share. Investors are kindly advised, that past performance of the fund does not guarantee future performance. The returns presented are to be considered without applicable taxes, distribution fees and commissions, fees related to account keeping and other costs in relation with holding an investment fund unit. Information presented in the Portfolio Report are for information purposes only, not intended to serve as investment advice, or any other offer. Investors are kindly advised to carefully read the Key Investors Document and Prospectus of the fund, in order to understand the risks of investing into the fund, and to be able to make an informed investor decision. The referred documents are available at the distribution locations and on the official website of Aegon Alapkezelő Zrt.  
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